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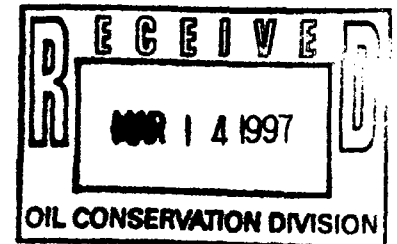
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March 14, 1997

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Oil Conservation Division Case No. 11739:
Application of Yates Petroleum Corporation for Compulsory Pooling and a
Non-Standard Oil Proration Unit, Lea County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests that this case currently set on the Division docket for the March 20, 1997 hearings be continued to the April 3, 1997 Examiner docket.

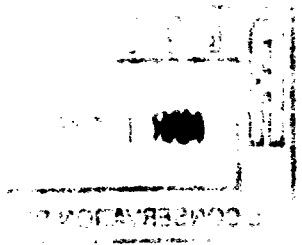
Your attention to this matter is appreciated.

Very truly yours,

WILLIAM F. CARR

WFC:mlh

cc: Mr. Randy Patterson



DOCKET: EXAMINER HEARING - THURSDAY - MARCH 20, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 10-97 and 11-97 are tentatively set for April 3, 1997 and April 17, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11639: (Continued from February 20, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the N/2 of Section 8, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Scoggin Draw "8" State Well No. 1, to be drilled at an orthodox location 660 feet from the North line and 2250 feet from the East line (Unit B) of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 11746: **Application of SDX Resources, Inc. to abolish both the East Millman-Seven Rivers Pool and the Palmillo-Seven Rivers Pool and to extend the vertical and horizontal limits of the East Millman Queen-Grayburg-San Andres Pool, Eddy County and to redesignate said pool as the East Millman Queen-Grayburg-San Andres-Yates-Seven Rivers Pool, New Mexico.** Applicant seeks an order abolishing both the East Millman-Seven Rivers Pool, which currently comprises all or parts of Sections 11, 14, 21, 22, 23, 28 and 29, Township 19 South, Range 28 East, and the Palmillo-Seven Rivers Pool which currently comprises the NW/4 of Section 18, Township 19 South, Range 29 East, and to concomitantly expand the horizontal limits of the East Millman Queen-Grayburg-San Andres Pool to include all the acreage contained within the aforesaid East Millman-Seven Rivers and Palmillo-Seven Rivers Pools, and expand the vertical limits of the East Millman Queen-Grayburg-San Andres Pool to include the Yates and Seven Rivers formations. Said affected acreage is located in portions or all of Sections 1, 11, 12, 13, 14, 15, 21, 22, 23, 24, 27, 28, 29 of Township 19 South, Range 28 East, and portions or all of Sections 6, 7, 17 and 18 of Township 19 South, Range 29 East. Said area is centered approximately 9 miles southwest of Loco Hills, New Mexico.

CASE 11743: (Continued from March 6, 1997, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 17, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 17 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated West Indian Flats-Strawn Gas Pool, the Undesignated Dublin Ranch-Atoka Gas Pool, and the Undesignated Dublin Ranch-Morrow Gas Pool; and the NE/4 of Section 17 to form a 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to its Foal "17" Fed. Well No. 1, to be drilled at an orthodox location 1980 feet from the North line and 1980 feet from the East line (Unit G) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7 1/2 miles north of Loving, New Mexico.

CASE 11089 (Reopened - Continued from February 20, 1997, Examiner Hearing.)

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-A, which order promulgated Temporary Special Pool Rules and Regulations for the Parker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools in San Juan, County, New Mexico. Operators should appear and show cause why the rules should not be rescinded.

CASE 11747: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 14, Township 21 South, Range 32 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the South Salt Lake-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 14 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Aztec "14" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 1980 feet from the North line and 2180 feet from the West line (Unit F) of said Section 14. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles southeast of the intersection of State Highway 176/FAS 1217 and U. S. Highway 180 (Laguna Gatuna Area), New Mexico.

CASE 11649: (Continued from March 6, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No.1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4 ½ miles west of Lakewood, New Mexico.

CASE 11722: (Readvertised - Continued from March 6, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 28, Township 20 South, Range 33 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Halfway-Atoka Gas Pool and the South Salt Lake-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 28 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Tomahawk "28" Federal Com Well No. 1 to be drilled and completed at a standard well location in Unit I of said Section 28. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. In addition, applicant seeks an order reducing the overriding royalty burdens on the SW/4 SE/4 of said Section 28 so that the net revenue interest for that tract is not less than 75%. Said unit is located approximately 3 miles east of the intersection of State Highway 176/FAS 1217 and U.S. Highway 180 (Laguna Ganuna Area), New Mexico.

CASE 11714: (Continued from March 6, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

CASE 11739: (Continued from March 6, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 8 and 9 of irregular Section 2, Township 16 South, Range 35 East, forming a non-standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, which presently includes only the West Lovington-Strawn Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.5 miles west of Lovington, New Mexico.

CASE 11748: **Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico.** Applicant seeks approval to downhole commingle production from the Atoka formation, Sand Tank-Atoka Gas Pool, and the Morrow formation, Undesignated Sand Tank-Morrow Gas Pool, within the wellbore of its Sand Tank "6" Federal Well No. 1 located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 6, Township 18 South, Range 30 East. Said area is located approximately three miles south-southwest of Loco Hills, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 6, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 8-97 and 9-97 are tentatively set for March 20, 1997 and April 3, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11738: **Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and unorthodox location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the NW/4, in all formations developed on 80-acre spacing underlying the E/2 NW/4, and in all formations developed on 40-acre spacing underlying the SE/4 NW/4, from the surface to the base of the Morrow formation, of Section 11, Township 16 South, Range 35 East. Said units are to be dedicated to a well which will be directionally drilled from a standard surface location 1980 feet from the North and West lines to a target rate area within 50 feet from a point 1650 feet from the North line and 1980 feet from the West line of said Section 35 that includes unorthodox locations in the Strawn, Atoka and Morrow formations Undesignated Townsend-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3.5 miles west of Lovington, New Mexico.

CASE 11739: **Application of Yates Petroleum Corporation for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 8 and 9 of irregular Section 2, Township 16 South, Range 35 East, forming a non-standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, which presently includes only the West Lovington-Strawn Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.5 miles west of Lovington, New Mexico.

CASE 11649: (Continued from February 6, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No.1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4 ½ miles west of Lakewood, New Mexico.

CASE 11722: (Readvertised)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 28, Township 20 South, Range 33 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Halfway-Atoka Gas Pool and the South Salt Lake-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 28 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Tomahawk "28" Federal Com Well No. 1 to be drilled and completed at a standard well location in Unit I of said Section 28. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. In addition, applicant seeks an order reducing the overriding royalty burdens on the SW/4 SE/4 of said Section 28 so that the net revenue interest for that tract is not less than 75%. Said unit is located approximately 3 miles east of the intersection of State Highway 176/FAS 1217 and U.S. Highway 180 (Laguna Gatuna Area), New Mexico.

CASE 11638: (Continued from January 9, 1997, Examiner Hearing.)

Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and East lines (Unit A) of said Section 20. Applicant also seeks approval for Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application. Said unit is located approximately 2.5 miles south-southeast of Oil Center, New Mexico.

CASE 11040: (Reopened)

In the matter of Case No. 11040 being reopened pursuant to the provisions of Division Order No. R-5353-O-1, which order promulgated temporary special rules and regulations for the Burton Flat-Bone Spring Associated Pool in Eddy County, New Mexico. Operators in the subject pool may appear and present evidence and testimony as to the reservoir with regards to making these rules permanent.

CASE 11740: **Application of Amerind Oil Company, Ltd. and Michael Shearn for compulsory pooling, Lea County, New Mexico.** Applicants seek an order pooling all mineral interests from the surface to the base of the Strawn formation, underlying Lots 9 and 16 of Irregular Section 2, Township 16 South, Range 35 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the West Lovington-Strawn Pool. Said unit is to be dedicated to UMC Petroleum Corporation's Townsend State Well No. 1 being drilled and completed at a standard well location in Lot 16 of said Section 2. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the Amerind Oil Company, Ltd. as operator of the well and a charge for risk involved in said well. Said unit is located approximately 3 1/2 miles west of Lovington, New Mexico

CASE 11741: **Application of UMC Petroleum Corporation for a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks approval of an 80-acre non-standard oil spacing and proration unit in the Undesignated West Lovington-Strawn Pool for its Townsend State Well No. 1, comprised of Lots 16 and 17 of Section 2, Township 16 South, Range 35 East, NMPM. Said unit is located approximately 4.5 miles west of Lovington, New Mexico.

CASE 11742: **Application of Cross Timbers Operating Company for unit expansion, Lea County, New Mexico.** Applicant seeks an order expanding the Southeast Maljamar Grayburg-San Andres Unit to cover the Maljamar Grayburg-San Andres Pool underlying parts of Sections 29, 30, 32, and 33, Township 17 South, Range 33 East, comprising 1280 acres, more or less, of state and federal lands. Said unit is located approximately 6 miles southeast of Maljamar, New Mexico.

CASE 11743: **Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 17, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 17 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated West Indian Flats-Strawn Gas Pool, the Undesignated Dublin Ranch-Atoka Gas Pool, and the Undesignated Dublin Ranch-Morrow Gas Pool; and the NE/4 of Section 17 to form a 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to its Foal "17" Fed. Well No. 1, to be drilled at an orthodox location 1980 feet from the North line and 1980 feet from the East line (Unit G) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7 1/2 miles north of Loving, New Mexico.